

Minutes of the
Bountiful City Council Meeting
Planning Conference Room
March 4, 2008 - 7:00 p.m.

Present: Mayor: Joe L. Johnson
Council Members: Beth Holbrook, John Marc Knight, R. Fred Moss, Scott Myers and Tom Tolman
City Manager: Tom Hardy
City Attorney: Russell Mahan
City Engineer: Paul Rowland
City Recorder: Kim J. Coleman
Department Repre: Lloyd Cheney, Engineering
Aric Jensen (arrived 7:50 p.m.)
Allen Johnson, Power
Tom Ross, Police
David Wilding, Water/Sewer
Recording Secretary: Nancy T. Lawrence

Official Notice of this meeting had been given by posting a written notice of same and an Agenda at the City Hall and providing copies to the following newspapers of general circulation: Davis County Clipper, Deseret News, and Salt Lake Tribune.

Mayor Johnson called the meeting to order at 7:06 p.m. and welcomed those in attendance. Danny Parker, visiting Boy Scout, led the pledge of allegiance to the flag and Mr. Rowland offered the prayer/thought.

APPROVAL OF MINUTES

Minutes of the regular City Council meetings held February 12, 2008 and February 26, 2008 will be presented for approval at the next regular meeting.

**CONSIDER AUTHORIZATION TO USE SURPLUS
PROPERTY OUT OF EVIDENCE**

Chief Ross reviewed that state law requires any property obtained by the Police and held for evidence (which rightful owners no longer want) can be acquired by the Police Department, subject to approval by the City Council. He reviewed that an insurance company has settled a theft claim and has offered to donate a stolen plasma TV to the department and he requested the Council's approval to accept this as City property. Councilman Moss made a motion to this effect, Councilman Myers seconded the motion and voting was unanimous. Councilpersons Holbrook, Knight, Moss, Myers and Tolman voted "aye".

STUDY SESSION TO REVIEW WATER AND POWER RATES

Mr. Hardy reviewed the general revenue/expenditure streams of City government, noting that generally speaking, *taxes* are used to provide City services such as police and fire protection and streets (non-revenue producing entities). *Fees* are assessed to cover user costs for water, power, garbage, and the other enterprise funds, and are most commonly based on use. He reviewed that the current water rate structure is based on elevation (low and high). Overages are also

1 assessed based on elevation. Garbage rates are based solely on the number of cans (at \$6.00/can),
2 and storm water fees are calculated at \$3.00/ ERU (Equivalent Residential Unit).
3

4 Power rates are currently flat for residential customers, with a base rate of \$1.66/month to
5 cover administrative costs and then additional charges based on usage. Other rate structures were
6 explained, including declining block, incremental, and inclining block. Another tool used to assess
7 revenue is a "hook", which provides for an increased charge for a 12-month period if usage
8 exceeds the maximum for two months. Charges can also be assessed based on seasonal rate
9 charts. Mr. Hardy explained that rates need to be set based on fixed and variable costs and a plan
10 that produces the revenue necessary to support these costs.
11

12 Mayor Johnson asked if there is a plan for future growth and expansion of the utility
13 services via a contribution to reserve accounts. The Council discussed the existing rates, how long
14 it has been since rates were changed, and the challenge of establishing rates that will meet revenue
15 needs for the near future. It has been 12 years since the last water rate increase, and hopefully any
16 proposed increase would cover at least another 4 to 5 years. The practice of setting rates based on a
17 comparison with other municipalities and/or private enterprise was also discussed. It was noted
18 that the cost of energy is rapidly increasing and our long-term contracts are expiring without
19 renewal options. The City-owned power generation facilities provide a great resource for covering
20 peaks; however, they are limited in the scope of total energy requirements. It would require a base
21 charge of approximately \$30 to fully cover costs of having the utilities available and for basic
22 customer service; however, there was no recommendation from the staff to increase the base rate to
23 that extent.
24

25 Mayor Johnson requested that the City staff review the existing rate structures and the
26 proposed future utility requirements and come back to the Council with proposed rate structures
27 which will cover costs and provide for future growth and expansion. Changes proposed by staff
28 were increasing the power base rate from \$1.66/month to \$4.00/month and increasing power rates
29 from \$0.081/kwh to \$0.088/kwh. It was noted also that the \$0.088 proposed rate could go as high
30 as \$0.09/kwh due to some UAMPS and/or ICPA charges of which we have just been notified. It
31 was suggested that the base water rate be increased 50 percent, the overage fee be increased 20
32 percent, and revenue required to provide for elevation differences be assessed in the most
33 reasonable, fair manner to produce the \$754,622 needed to augment the existing reservoir system.
34

35 Mayor Johnson noted that the next City Council meeting will be held March 25, 2008. At
36 8:47 p.m. Councilman Tolman made a motion to adjourn, Councilwoman Holbrook seconded the
37 motion and voting was unanimous. Councilpersons Holbrook, Knight, Moss, Myers and Tolman
38 voted "aye".
39
40
41
42

43 _____
44 JOE L. JOHNSON, Mayor
45

46 _____
47 KIM J. COLEMAN, City Recorder

* * * * *